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VILLAGE OF MILLERSBURG

Annual Financial Statements

For the Fiscal Year Ended March 31, 2004

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name VILLAGE OF MILLERSBURG	County PRESCQUE ISLE
Audit Date 4/21/04	Opinion Date 4/21/04	Date Accountant Report Submitted to State: 7/12/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ yes ☐ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGR):			X

Certified Public Accountant (Firm Name) MIDWEST PROFESSIONALS, PLLC			
Street Address 215 S. COURT	City GAYLORD	State MI	ZIP 49735
Accountant Signature Anthony W. Henning, CPA			

CONTENTS

	Page #
FINANCIAL SECTION	
Independent Accountants' Audit Report	5
GENERAL PURPOSE FINANCIAL STATEMENTS	
Combined Balance Sheet 3/31/04	7
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Types For the Fiscal Year Ended 3/31/04	8
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget - General and Special Revenue Funds For the Fiscal Year Ended 3/31/04	9
Combined Statement of Revenues, Expenses and Changes in Equity - All Proprietary Funds For the Fiscal Year Ended 3/31/04	10
Combined Statement of Cash Flows - All Proprietary Funds For the Fiscal Year ended 3/31/04	11
Notes to the Financial Statements	12

CONTENTS

Page #

COMBINING, INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS AND SCHEDULES

GENERAL FUND:

Balance Sheet as of 3/31/04	24
Statement of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget For the Fiscal Year Ended 3/31/04	25

SPECIAL REVENUE FUNDS:

Combining Balance Sheet as of 3/31/04	27
Combining Statement of Revenues, Expenditures and Changes in Fund Balance For the fiscal Year Ended 3/31/04	28

ENTERPRISE FUNDS:

Balance Sheet, Water Department Enterprise Fund As of 3/31/04	30
Statement of Revenues, Expenses and Changes in Equity - Actual and Budget For the Fiscal Year Ended 3/31/04	31
Statement of Cash Flows - Water Department Fund For the Fiscal Year Ended 3/31/04	32

GENERAL FIXED ASSET ACCOUNT GROUP:

Schedule of General Fixed Assets and Changes in General Fixed Assets as of 3/31/04	34
---	----

GENERAL LONG-TERM DEBT ACCOUNT GROUP

Schedule of General Long-Term Debt and Changes in General Long-Term Debt as of 3/31/04	36
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CONTENTS

SUPPLEMENTAL REPORT:

Page #

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental</i> <i>Auditing Standards</i>	38
--	----

SUPPLEMENTAL DATA SECTION:

Balance Sheets and Statements of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Funds - Actual and Budget For the Fiscal Year Ended March 31, 2004

Special Revenue Funds - State of Michigan Major Street Fund For the Fiscal Year Ended 3/31/04	42
Special Revenue Funds - State of Michigan Local Street Fund For the Fiscal Year Ended 3/31/04	43

Midwest Professionals, P.L.L.C.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Village of Millersburg
Millersburg, Michigan

We have audited the accompanying general purpose financial statements of the Village of Millersburg, State of Michigan as of and for the year ending March 31, 2004. These general purpose financial statements are the responsibility of the Village of Millersburg's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Millersburg, as of March 31, 2004 and the results of operations for the year ended March 31, 2004.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The combining and individual fund and account group financial statements, schedules and the supplemental data section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Village of Millersburg. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Midwest Professionals, PLLC

Midwest Professionals, P.L.L.C.

April 21, 2004
Gaylord, Michigan

Member of American Institute of Certified Public Accountants
Member of Michigan Association of Certified Public Accountants

GENERAL PURPOSE FINANCIAL STATEMENTS

VILLAGE OF MILLERSBURG
Combined Balance Sheet
All Fund Types and Account Groups
As of March 31, 2004

	Governmental Fund Types		Proprietary Fund Types	Account Groups		Totals (Memorandum only) 03/31/2004
	General	Special Revenue	Enterprise	General Fixed Assets	General Long- Term Debt	
Assets:						
Cash	\$ 33,879	\$ -	\$ 45,934	\$ -	\$ -	\$ 79,813
Cash restricted	30,154	49,889	22,835	-	-	102,879
Accounts receivable -Delinquent taxes	5,407	-	-	-	-	5,407
Accounts receivable -Water fees	-	-	3,310	-	-	3,310
Due from other funds	8,386	1,893	-	-	-	10,279
Fixed Assets	-	-	788,845	245,996	-	1,034,841
Accumulated depreciation	-	-	(193,695)	-	-	(193,695)
Amount available and to be provided for capital lease	-	-	-	-	67,364	67,364
Total Assets:	<u>\$ 77,826</u>	<u>\$ 51,783</u>	<u>\$ 667,229</u>	<u>\$ 245,996</u>	<u>\$ 67,364</u>	<u>\$ 1,110,199</u>
Liabilities and equity:						
Liabilities:						
Accounts payable	\$ 2,347	\$ 979	\$ 807	\$ -	\$ -	\$ 4,134
Payroll taxes payable	125	-	-	-	-	125
Accrued wages	1,108	-	-	-	-	1,108
Accrued Pension for employees	411	-	-	-	-	411
Due to other funds	-	3,650	6,630	-	-	10,279
Bond payable	-	-	178,000	-	-	178,000
Capital Lease Liability	-	-	-	-	67,364	67,364
Total Liabilities:	<u>3,990</u>	<u>4,629</u>	<u>185,437</u>	<u>-</u>	<u>67,364</u>	<u>261,421</u>
Equity:						
Investment in general fixed assets	-	-	-	245,996	-	245,996
Contributed capital - Intergovernmental	-	-	583,000	-	-	583,000
Retained earnings - reserved	-	-	22,835	-	-	22,835
Retained earnings, unreserved	-	-	(124,043)	-	-	(124,043)
Fund balance, reserved	30,154	47,154	-	-	-	77,309
Fund balance, unreserved	43,681	-	-	-	-	43,681
Total Equity and Other Credits:	<u>73,836</u>	<u>47,154</u>	<u>481,792</u>	<u>245,996</u>	<u>-</u>	<u>848,778</u>
Total Liabilities, Equity and Other Credits:	<u>\$ 77,826</u>	<u>\$ 51,783</u>	<u>\$ 667,229</u>	<u>\$ 245,996</u>	<u>\$ 67,364</u>	<u>\$ 1,110,199</u>

See accompanying notes to financial statements and accountants' report.

VILLAGE OF MILLERSBURG
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types
For the Fiscal Year Ended March 31, 2004

	Governmental Fund Types		Totals (Memorandum only) 03/31/2004
	General	Special Revenue	
Revenues:			
Local property taxes	\$ 14,222	\$ -	\$ 14,222
Delinquent property taxes	5,407	-	5,407
St. of Michigan - Revenue Sharing	23,652	-	23,652
Michigan Transportation Fund	-	36,139	36,139
Construction Match From General Fund	-	4,357	4,357
Interest	592	398	990
Equipment rental	7,844	-	7,844
Gertz Foundation proceeds	11,500	-	11,500
Cost recovery	19,751	-	19,751
Other Income	1,556	-	1,556
Total Revenues:	84,523	40,894	125,417
Expenditures:			
Pension costs	2,372	-	2,372
Council salaries	1,731	-	1,731
Printing/ publishing	160	-	160
Workmans' Compensation insurance	517	-	517
Office supplies	1,144	-	1,144
Clerk's costs	5,400	-	5,400
Treasurer's costs	3,000	-	3,000
Auditing & bookkeeping services	1,800	-	1,800
Legal	1,433	-	1,433
Building and grounds costs	13,318	-	13,318
Utilities/ street lights	8,422	-	8,422
Equipment oper. & maint.	5,157	-	5,157
Payroll taxes	164	-	164
Hydrant rental fee	8,362	-	8,362
Community promotion	1,628	-	1,628
Capital Outlay	24,339	-	24,339
Gertz Foundation expense	24,225	-	24,225
Legal - Judgement Payment	10,000	-	10,000
Routine maintenance streets	-	29,490	29,490
Winter maintenance	-	12,319	12,319
Administrative costs	-	3,614	3,614
Space costs	-	5,278	5,278
Fringe costs	-	487	487
Construction Match to Local Highway	4,357	-	4,357
Other	2,869	-	2,869
Total Expenditures:	120,398	51,188	171,586
Excess of Revenue Over Expenditures	(35,875)	(10,294)	(46,169)
Other Financing Sources (Uses):			
Operating transfers - out	-	(6,356)	(6,356)
Operating transfers - in	-	6,356	6,356
Total Other Financing Sources (Uses):	-	-	-
Excess of Revenues Over Expenditures And Other Financing Sources (Uses)	(35,875)	(10,294)	(46,169)
Fund Balance			
April 1, 2003	109,711	57,448	167,159
Fund Balance			
March 31, 2004	\$ 73,836	\$ 47,154	\$ 120,991

See accompanying notes to financial statements and accountants' report.

VILLAGE OF MILLERSBURG

Combined Statement of Revenues, Expenditures and Changes in Fund Balances

Actual and Budget - General Fund and Special Revenue Funds

For the Fiscal Year Ended March 31, 2004

	General Fund			Special Revenue Funds		
	Actual	Budget	Variance Favorable (Unfavorable)	Actual	Budget	Variance Favorable (Unfavorable)
Revenues:						
Local property taxes	\$ 14,222	\$ 13,690	\$ 532	\$ -	\$ -	\$ -
Delinquent property taxes	5,407	3,900	1,507	-	-	-
St. of Michigan - Revenue Sharing	23,652	25,000	(1,348)	-	-	-
Michigan Transportation Fund	-	-	-	36,139	34,000	2,139
Construction Match from General Fund	-	-	-	4,357	1,000	3,357
Interest	592	700	(108)	-	650	(650)
Equipment rental	7,844	4,300	3,544	-	-	-
Gertz Foundation proceeds	11,500	-	11,500	-	-	-
Cost recovery	19,751	16,700	3,051	-	-	-
Other Income	1,556	1,000	556	398	-	398
Total Revenues:	84,523	65,290	19,233	40,894	35,650	5,244
Expenditures:						
Pension costs	2,372	2,500	128	-	-	-
Council salaries	1,731	2,000	270	-	-	-
Parks and recreation	-	50	50	-	-	-
Printing/ publishing	160	300	140	-	-	-
Workmans' Compensation insurance	517	507	(10)	-	-	-
Office supplies	1,144	500	(644)	-	-	-
Clerk's costs	5,400	5,400	-	-	-	-
Treasurer's costs	3,000	3,000	-	-	-	-
Auditing & bookkeeping services	1,800	2,000	200	-	-	-
Legal	1,433	3,000	1,567	-	-	-
Building and grounds costs	13,318	11,195	(2,123)	-	-	-
Utilities/ street lights	8,422	7,959	(463)	-	-	-
Equipment oper. & maint.	5,157	2,302	(2,855)	-	-	-
Payroll taxes	164	170	6	-	-	-
Hydrant rental fee	8,362	9,122	760	-	-	-
Community promotion	1,628	750	(878)	-	-	-
Capital Outlay	24,339	8,712	(15,627)	-	-	-
Gertz Foundation expense	24,225	-	(24,225)	-	-	-
Legal - Judgement Payment	10,000	-	(10,000)	-	-	-
Construction Match to Local Highway	4,357	1,000	(3,357)	-	-	-
Routine maintenance streets	-	-	-	29,490	22,550	(6,940)
Winter maintenance	-	-	-	12,319	5,500	(6,819)
Administrative costs	-	-	-	3,614	2,800	(814)
Space costs	-	-	-	5,278	4,200	(1,078)
Fringe costs	-	-	-	487	600	113
Other	2,869	4,823	1,955	-	-	-
Total Expenditures:	120,398	65,290	(55,108)	51,188	35,650	(15,538)
Excess of Revenue Over Expenditures	(35,875)	-	(35,875)	(10,294)	-	(10,294)
Other Financing Sources (Uses):						
Operating transfers - out	-	-	-	(6,356)	(6,000)	(356)
Operating transfers - in	-	-	-	6,356	6,000	356
Total Other Financing Sources (Uses):	-	-	-	-	-	-
Excess of Revenues Over Expenditures And Other Financing Sources (Uses)	(35,875)	-	(35,875)	(10,294)	-	(10,294)
Fund Balance						
April 1, 2003	109,711	57,615	52,096	57,448	2,075	55,374
Fund Balance						
March 31, 2004	\$ 73,836	\$ 57,615	\$ 16,221	\$ 47,154	\$ 2,075	\$ 45,079

See accompanying notes to financial statements and accountants' report.

VILLAGE OF MILLERSBURG

Combined Statement of Revenues, Expenses and Changes in Equity

All Proprietary Funds

For the Fiscal Year Ended March 31, 2004

	Proprietary Fund Types Enterprise Funds	Totals (Memorandum only) 03/31/2004
Operating Revenues:		
Water user fees	\$ 29,239	\$ 29,239
Hydrant rental fees	8,362	8,362
Other	500	500
Total Operating Revenue	38,102	38,102
Operating Expenses:		
Cost of products sold/ services rendered	15,108	15,108
Administrative cost	4,268	4,268
Space cost	5,493	5,493
Fringe cost	610	610
Depreciation	20,500	20,500
Total Operating Expenses	45,980	45,980
Operating Income (loss)	(7,878)	(7,878)
Nonoperating Revenue (Expenses):		
Interest income	536	536
Interest paid on bond debt	(9,398)	(9,398)
Total Non-operating Income (Expenses)	(8,861)	(8,861)
Net Income (loss)	(16,739)	(16,739)
Retained earnings/ contributed capital - April 1, 2003	498,532	498,532
Retained earnings/ contributed capital - March 31, 2004	\$ 481,792	\$ 481,792

See accompanying notes to financial statements and accountants' report.

VILLAGE OF MILLERSBURG
Combined Statement of Cash Flows
All Proprietary Funds
For the Fiscal Year Ended March 31, 2004

	Proprietary Fund Types Enterprise Funds	Totals (Memorandum only) 03/31/2004
Cash Flows form Operating Activities:		
Operating Income	\$ (7,878)	\$ (7,878)
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation	20,500	20,500
Decrease in current liabilities	(2,363)	(2,363)
Increase in accounts receivables	(151)	(151)
Net cash provided by operating activities:	10,108	10,108
Cash flows from capital and related financing activities:		
Principal paid on bond debt	(2,000)	(2,000)
Interest paid on bond debt	(9,398)	(9,398)
Net cash used in capital and related financing activities:	(11,398)	(11,398)
Cash flows from investing activities:		
Activities:		
Interest earned on investments	536	536
Net cash provided from investing activities:		
Financing Activities:	536	536
Net decrease in cash	(754)	(754)
Cash balances - April 1, 2003	69,523	69,523
Cash balances - March 31, 2004	\$ 68,769	\$ 68,769

See accompanying notes to financial statements and accountants' report.

NOTES TO THE FINANCIAL STATEMENTS

VILLAGE OF MILLERSBURG

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

NOTE 1- DESCRIPTION OF VILLAGE OPERATIONS AND FUND TYPES

The Village is located in Presque Isle County and was organized in 1901 and covers an area of approximately 1 square mile. The village operates under an elected Board comprised of a President, Treasurer, Clerk and six Trustees and provides services to its 267 full time residents.

BASIS OF PRESENTATION- The Village financial activity has been defined in accordance with NCGA Statement #3 and the local unit activities are recorded in separate funds and account groups, categorized and described as follows:

GOVERNMENTAL FUNDS

GENERAL FUND This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Receipts are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

SPECIAL REVENUE FUNDS These funds are used to account for specific governmental revenues (other than special assessments and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

CAPITAL PROJECTS FUND Capital Projects Funds are used to account for financial resources to be used for the purpose of the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds, Special Assessment Funds, and Trust Funds).

ACCOUNT GROUPS

GENERAL FIXED ASSETS ACCOUNT GROUP This Account Group presents the fixed assets of the local unit utilized in its general operations nonproprietary fixed assets.

GENERAL LONG-TERM DEBT ACCOUNT GROUP This account group is used to account for the unmatured principal of bonds, notes and other forms of noncurrent or long-term general obligation of indebtedness that is not a specific liability of any other fund.

VILLAGE OF MILLERSBURG

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of applicable significant policies.

BASIS OF ACCOUNTING- The modified accrual basis of accounting is utilized by the Village for monthly operations. Under the modified accrual basis of accounting, revenues and other increases in financial resources (such as delinquent tax receivable) are recognized in the accounting period in which they become both *measurable* and *available* to finance expenditures of the current period. "Measurable" means that the amount is known or can be reasonably estimated. "Available" means that the amount is expected to be collected within the current period or soon enough after the end of the period to be used to pay liabilities of the period.

INVESTMENTS- Investments (certificates of deposit) when used are stated at cost.

INVENTORIES- Inventories are not significant.

FIXED ASSETS- General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the Village.

VILLAGE OF MILLERSBURG

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Depreciation in the proprietary fund is computed using the straight-line method, at rates based on the following useful lives:

Building	40 years
Building Improvements	15 years
Equipment	2-10 years

PROPERTY TAXES RECEIVABLE-DELINQUENT-Accounting for revenues from Village property taxes prior to March 31, 1997 had been on a cash basis, that is, property taxes were recognized as revenues only when paid to the Village. As of March 31, 1997 the Village has been using the modified accrual basis of accounting that recognizes revenues when measurable and available. This account represents the amount of taxes that are delinquent as of the balance sheet date.

LONG-TERM OBLIGATIONS- Long-term debt is recognized as a liability of a government fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

FUND EQUITY- Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

INTERFUND RECEIVABLES - PAYABLES- During the course of operations, transactions occur between individual funds for goods provided or services rendered. Those receivables and payables are classified as "due from other funds" or "due to other funds" on the financial statements.

VILLAGE OF MILLERSBURG

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 3- BUDGETS AND BUDGETARY ACCOUNTING

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to March 1st the Clerk submits to the Village Council a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Village Hall to obtain taxpayer comments.
3. Prior to the third week in March, the budget is legally enacted through passage of a resolution.
4. All budget adjustments are approved by Village Board resolution.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
6. Budgets for the General, Special Revenue, and Capital Projects funds are adopted on a modified accrual basis. Budgeted amounts are as originally adopted, or as amended by the Village Board.

VILLAGE OF MILLERSBURG

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

NOTE 4- CASH AND CERTIFICATES OF DEPOSIT

The Village considers all regular deposits and certificates of deposit as cash equivalents since they are highly liquid assets.

All cash deposits of the Village are at FDIC insured banking institutions in the name of the Village of Millersburg. Act 217, PA 1982 authorizes the Village to deposit and invest in the accounts of federally insured banks, insured credit unions and savings and loan associations; bonds and other direct obligations of the United States, or an agency of instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance legal for rating agencies within the three highest classifications maturing not more than 270 days after the date of purchase, and involving no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money.

The Village's deposits are in accordance with statutory authority. The Governmental Accounting Standard Board (GASB) Statement No.3 risk disclosures for the Village's cash deposits are as follows:

	Carrying Amount
<u>Cash and Certificates of Deposit</u>	<u>March 31, 2004</u>
Insured FDIC	\$ 182,692
Uninsured	-
Total Cash	<u>\$ 182,692</u>

NOTE 5- TOTAL COLUMNS ON COMBINED STATEMENTS- OVERVIEW

Total columns on the Combined Statements- Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of these data.

VILLAGE OF MILLERSBURG

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2004

NOTE 6- CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance April 1, 2003	Additions	Deletions	Balance March 31, 2004
Land	\$ 51,064	\$ -	\$ -	\$ 51,064
Buildings	59,296	-	-	59,296
Furniture and Fixtures	1,313	7,119	-	8,432
Office Equipment	6,704	-	-	6,704
Capital Lease - Truck	-	88,040	-	88,040
Street Equipment	32,460	-	-	32,460
	<u>\$ 150,837</u>	<u>\$ 95,159</u>	<u>\$ -</u>	<u>\$ 245,996</u>

NOTE 7- RETIREMENT PLAN

The Village initiated a money purchase plan effective as of 7/1/91. The trustee/agent is the Lappan Insurance Agency, Alpena, Michigan. Under the terms of the pension plan the Village will fund the plan at 14% of gross payroll. During the fiscal year ending March 31, 2004 the Village contributed \$2,372 to the plan which represents \$16,078 in gross wages. A \$125 renewal charge is included in the contribution.

NOTE 8- LONG-TERM DEBT

Changes in long-term debt occurred during the period ended March 31, 2004 and are reported in the general long-term debt account group as follows:

	Balance April 1, 2003	Additions	Deletions	Balance March 31, 2004
Claims and Judgements				
* Liability per Settlement				
Huron Contractors &				
Excavatores, Inc. (See Note 11)	\$ 10,000	\$ -	\$ 10,000	\$ -
Capital Lease Liability - Truck	-	88,040	20,676	67,364
	<u>\$ 10,000</u>	<u>\$ 88,040</u>	<u>\$ 30,676</u>	<u>\$ 67,364</u>

* The Village settled the law suit with Huron Contractors and has agreed to pay \$25,000. An initial payment of \$15,000 was made on April 1, 2002. A \$5,000 payment was made in April of 2003 and a final payment of \$5,000 on March 9, 2004.

VILLAGE OF MILLERSBURG

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2004

NOTE 8- LONG-TERM DEBT(Continued)

Water Department - Enterprise Fund

The only long-term debt of the Village Water Department consists of a 40 year Revenue Bond issuance Water Supply System Revenue, 1993, in the amount of \$194,000 issued to the Rural Development - Farmers Home Administration, an agency of the United States Department of Agriculture. The interest rate of the bond is at 5.250% with scheduled future maturities of:

5/1/04	\$ 2,000
5/1/05	2,000
5/1/06	2,000
5/1/07	2,000
5/1/08	2,000
Thereafter	168,000
Last Maturity in Year 2033	

\$2,000 in principal was paid off during the fiscal year ended March 31, 2004.

Principal and interest on the bond has been and will continue to be paid off through the use of revenues generated by the Village's Water Department, an enterprise fund. Accordingly, the bond payable liability has been recorded in this proprietary fund.

Capital Lease – Truck

The Village entered into a capital lease for a Sterling Dump Truck. At the end of the lease, the Village will purchase the truck for one dollar. The total lease price with fees came to \$88,040. The Village paid \$20,000 down and made its first principal payment of \$676. The interest rate on the lease is 5.50%. The lease will be complete after 84 payments in the year 2010. The following shows future scheduled capital lease payments of:

3/31/04	\$ 8,352
3/31/05	8,823
3/31/06	9,291
3/31/07	9,877
3/31/08	10,402
3/31/09	10,989
Final Year 2010	9,630

VILLAGE OF MILLERSBURG

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2004

NOTE 9- INTERFUND ASSETS / LIABILITIES

Detail of due from/to other fund balances at 3/31/04:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	\$ 8,386		
		Major Street	\$ 1,627
		Local Street	129
		Water Department	6,630
	<u>8,386</u>		<u>8,386</u>
Local Street	1,893	Major Street	1,893
	<u>\$ 10,279</u>		<u>\$ 10,279</u>

NOTE 10- NOTE RECEIVABLE - FIRE EQUIPMENT

During the fiscal yeard ending March 31, 2004, the Village received its final \$1,000 installment payment against the note receivable from Case Township for the fire equipment.

NOTE 11- CONTINGENT LIABILITY / SUBSEQUENT EVENT

On July 24, 1998, a law suit was filed in the Presque Isle County Courthouse by Huron Contractors & Excavators, Inc. alleging a breach of contract by the Village of Millersburg in regards to its failure to pay for soil contamination cleanup services performed by Huron Contractors & Excavating, Inc., back in 1994. Huron Contractors & Excavating, Inc. asked for a judgment totaling \$55,328.68 plus interest, attorney fees, and court costs. The Village's legal council believed a judgment against the Village was probable. In March of 2002 a final settlement took place. The liability was reduced to \$25,000. During April of 2002, a \$15,000 payment was made toward this liability. The remaining \$10,000 liability for this debt was paid during the fiscal year ending March 31, 2004. (See NOTE 8)

VILLAGE OF MILLERSBURG

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2004

NOTE 12 - FUND BALANCES AND RETAINED EARNINGS

The following reserved fund balances are for specific uses of donations made to the General Fund and for the cash amounts that are used exclusively by the General Fund and Special Revenue funds for designated purposes.

<u>Fund</u>	<u>Restricted Cash Balance</u>	<u>Reserved Fund Balance</u>
<u>General Fund:</u>		
Gertz Foundation	\$ 27,907	\$ 27,907
Current Tax Account	64	64
Depot Fund	2,183	2,183
<u>Special Revenue Funds:</u>		
Major Street	14,299	10,363
Local Street	35,590	36,791
Total	<u>\$ 80,043</u>	<u>\$ 77,308</u>

The following shows the reserved and unreserved retained earnings of the Water Department enterprise fund.

	<u>3/31/04</u>
Reserved retained earnings	\$ 22,835
Unreserved retained earnings	(124,043)
* Total retained earnings	<u>\$(101,208)</u>

* Deficit retained earnings have been accumulating for several years due to the depreciation of water department fixed assets.

NOTE 13 - PROPERTY TAXES

The Village collects property taxes from its residents. Taxes are levied and become due and payable on July 1 of each year. The Village will collect these taxes until October at which time any unpaid tax bills are turned over to Presque Isle County Treasurer for final collections. On March 31 of each year, Presque Isle County determines the amount of levied taxes still due the Village since the previous October. The amount of uncollected taxes is disclosed as accounts receivable - delinquent taxes on the balance sheet at the year ending March 31, 2004. On March 31, 2004 the delinquent tax amount due from Presque Isle County was \$5,406.90 and should be received by the Village during the month of June, 2004. Total tax revenue was \$19,629.

VILLAGE OF MILLERSBURG

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

NOTE 14 – GASB 34 REPORTING MODEL – MARCH 31, 2005 - REQUIRED IMPLEMENTATION

Starting with the FYE 3-31-05, the Village will be required to adopt a new accounting model based on GASB 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. GASB 34 significantly changes financial reporting for governmental entities. Two new Village-Wide financial statements are required in the new model, designed to provide more useful information. Governmental fund accounting statements will still be used, but the general fixed assets and the long-term debt account groups are no longer used. General fixed assets and long-term debt will be incorporated into the two new Village-Wide financial statements. Reconciliations will be necessary to show the differences between the Village-Wide statements and the fund accounting statements.

GASB 34 requires that a Management Discussion and Analysis (MD&A) section and a Required Supplementary Information (RSI) section be included in an audit or review report. The MD&A is meant to be an objective and easily readable analysis of the Village's financial activities prepared by Village management. The RSI requires that budgetary information be included after the notes to the financial statements. These budgetary information schedules will show the original budget, the final budget, the actual activities for the fiscal year and the variances between final budget and actual activities.

Since financial statements from previous years of the Village, including FYE 3-31-04, were not prepared in accordance with the new reporting model, future financial statements starting with the fiscal year ending March 31, 2005 will not be comparable to any past financial statements including fiscal year ending March 31, 2004 or earlier.

**COMBINING, INDIVIDUAL FUND
AND ACCOUNT GROUP STATEMENTS
AND SCHEDULES**

VILLAGE OF MILLERSBURG

GENERAL FUND

The general fund is used to account for resources traditionally associated with the government which are not required legally or by sound financial judgment to be accounted for in another fund.

VILLAGE OF MILLERSBURG
General Fund
Balance Sheet
As of March 31, 2004

	<u>General Fund</u>
Assets:	
Cash	\$ 33,879
Cash - restricted	30,154
Due from other funds	8,386
Accounts receivable - delinquent taxes	<u>5,407</u>
Total Assets	<u>\$ 77,826</u>
Liabilities and Equity:	
Accounts payable	\$ 2,347
Payroll taxes payable	125
Accrued wages	1,108
Accrued Pension for employees	<u>411</u>
Total Liabilities	<u>3,990</u>
Equity:	
Fund balance - reserved	30,154
Fund balance - unreserved, undesignated	<u>43,681</u>
Total Equity	<u>73,836</u>
Total Liabilities and Equity	<u>\$ 77,826</u>

See accompanying notes to financial statements and accountants' report.

VILLAGE OF MILLERSBURG

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget

For the Fiscal Year Ended March 31, 2004

	General Fund		
	Actual	Budget	Variance Favorable (Unfavorable)
Revenues:			
Local property taxes	\$ 14,222	\$ 13,690	\$ 532
Delinquent property taxes	5,407	3,900	1,507
St. of Michigan - Revenue Sharing	23,652	25,000	(1,348)
Interest	592	700	(108)
Equipment rental	7,844	4,300	3,544
Gertz Foundation proceeds	11,500	-	11,500
Cost recovery	19,751	16,700	3,051
Other Income	1,556	1,000	556
Total Revenues:	84,523	65,290	19,233
Expenditures:			
Pension costs	2,372	2,500	128
Council salaries	1,731	2,000	270
Parks and recreation	-	50	50
Printing/ publishing	160	300	140
Workmans' Compensation insurance	517	507	(10)
Office supplies	1,144	500	(644)
Clerk's costs	5,400	5,400	-
Treasurer's costs	3,000	3,000	-
Auditing & bookkeeping services	1,800	2,000	200
Legal	1,433	3,000	1,567
Building and grounds costs	13,318	11,195	(2,123)
Utilities/ street lights	8,422	7,959	(463)
Equipment oper. & maint.	5,157	2,302	(2,855)
Payroll taxes	164	170	6
Hydrant rental fee	8,362	9,122	760
Community promotion	1,628	750	(878)
Capital Outlay	24,339	8,712	(15,627)
Gertz Foundation Expense	24,225	-	(24,225)
Legal - Judgement Payment	10,000	-	(10,000)
Construction Match to Local Highway	4,357	1,000	(3,357)
Other	2,869	4,823	1,955
Total Expenditures:	120,398	65,290	(55,108)
Excess of Revenue Over Expenditures	(35,875)	-	(35,875)
Other Financing Sources (Uses):			
Operating transfers - out	-	-	-
Operating transfers - in	-	-	-
Total Other Financing Sources (Uses):	-	-	-
Excess of Revenues Over Expenditures And Other Financing Sources (Uses)	(35,875)	-	(35,875)
Fund Balance April 1, 2003	109,711	57,615	52,096
Fund Balances March 31, 2004	\$ 73,836	\$ 57,615	\$ 16,221

See accompanying notes to financial statements and accountants' report.

VILLAGE OF MILLERSBURG

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for a particular purpose.

Local and Major Street Funds - Those funds represent the activities associated with funding through the Michigan Department of Transportation for construction, improvement and maintenance of Village roads and streets. These moneys are spent in accordance with Public Act 51, State of Michigan.

VILLAGE OF MILLERSBURG
Special Revenue Funds
Combining Balance Sheet
As of March 31, 2004

	Major Streets	Local Streets	Totals 03/31/2004
Assets:			
Cash	\$ 14,299	\$ 35,590	\$ 49,889
Due From Other Funds	-	1,893	1,893
Total Assets:	<u>\$ 14,299</u>	<u>\$ 37,484</u>	<u>\$ 51,783</u>
Liabilities:			
Accounts payable	\$ 415	\$ 564	\$ 979
Due to Other Funds	1,893	-	1,893
Due to General Fund	1,627	129	1,756
Total Liabilities:	<u>3,936</u>	<u>693</u>	<u>4,629</u>
Equity:			
Fund balance, reserved	<u>10,363</u>	<u>36,791</u>	<u>47,154</u>
Total Equity	<u>10,363</u>	<u>36,791</u>	<u>47,154</u>
Total Liabilities and Equity	<u>\$ 14,299</u>	<u>\$ 37,484</u>	<u>\$ 51,783</u>

See accompanying notes to financial statements and accountants' report.

VILLAGE OF MILLERSBURG

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Fiscal Year Ended March 31, 2004

	Major Streets	Local Streets	Totals 03/31/2004
Revenues:			
Michigan Transportation Fund	\$ 25,423	\$ 10,716	\$ 36,139
Construction Match from General Fund	-	4,357	4,357
Interest	169	229	398
Total Revenues:	25,592	15,302	40,894
Expenditures:			
Routine maintenance streets	18,735	10,756	29,490
Winter maintenance	8,022	4,297	12,319
Administrative costs	2,542	1,072	3,614
Space Costs	3,714	1,564	5,278
Fringe Costs	317	171	487
Total Expenditures:	33,329	17,859	51,188
Excess of Revenue Over Expenditures	(7,737)	(2,558)	(10,294)
Other Financing Sources (Uses):			
Operating transfers - out	(6,356)	-	(6,356)
Operating transfers - in	-	6,356	6,356
Total Other Financing Sources (Uses):	(6,356)	6,356	-
Excess of Revenues Over Expenditures And Other Financing Sources (Uses)	(14,092)	3,798	(10,294)
Fund Balance - reserved April 1, 2003	24,455	32,993	57,448
Fund Balance - reserved March 31, 2004	\$ 10,363	\$ 36,791	\$ 47,154

See accompanying notes to financial statements and accountants' report.

VILLAGE OF MILLERSBURG

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accounting purposes.

Water Department - This fund is used to account for the operations of the Village's water delivery system.

VILLAGE OF MILLERSBURG
Water Department Enterprise Fund
Balance Sheet
As of March 31, 2004

Assets:

Cash	\$	45,934
Cash restricted		22,835
Accounts receivable - Water fees		<u>3,310</u>

Total Current Assets:	<u>72,079</u>
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Fixed Assets

Land	2,650
Water utility system	9,195
Equipment	777,000
Accumulated depreciation	<u>(193,695)</u>

Total Fixed Assets	<u>595,150</u>
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Total Assets	<u><u>\$ 667,229</u></u>
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Liabilities and Equity

Current Liabilities

Accounts payable	\$	807
Due to General Fund		<u>6,630</u>

Total Current Liabilities	<u>7,437</u>
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Long Term Liabilities:

Water system bond payable	<u>178,000</u>
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Total Long Term Liabilities	<u>178,000</u>
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Total Liabilities	<u>185,437</u>
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Equity:

Contributed capital - Intergovernmental	583,000
Retained earnings - reserved	22,835
Retained earnings - unreserved	<u>(124,043)</u>

Total Equity and Other Credits:	<u>481,792</u>
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Total Liabilities, Equity and Other Credits:	<u><u>\$ 667,229</u></u>
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See accompanying notes to financial statements and accountants' report.

VILLAGE OF MILLERSBURG

Water Department Enterprise Fund

Statement of Revenues, Expenses and Changes in Equity - Actual and Budget
For the Fiscal Year Ended March 31, 2004

	Actual	Budget	Variance Favorable (unfavorable)
Operating Revenues:			
Water user fees	\$ 29,239	\$ 29,705	\$ (466)
Hydrant rental fees	8,362	9,123	(760)
Other	500	5,000	(4,500)
Total Operating Revenue	<u>38,102</u>	<u>43,828</u>	<u>(5,726)</u>
Operating Expenses:			
Cost of products sold/ services rendered	15,108	34,528	19,419
Administrative	4,268	4,500	232
Space cost	5,493	4,500	(993)
Fringe cost	610	500	(110)
Depreciation	20,500	-	(20,500)
Total Operating Expenses	<u>45,980</u>	<u>44,028</u>	<u>(1,952)</u>
Operating Income (loss)	(7,878)	(200)	(7,678)
Nonoperating Revenue (Expenses):			
Interest income	536	200	336
Interest paid on bond debt	(9,397)	-	(9,397)
Total Non-operating Income (Expenses)	<u>(8,861)</u>	<u>200</u>	<u>(9,061)</u>
Net Income (loss)	(16,739)	<u>\$ -</u>	<u>\$ (16,739)</u>
Retained earnings/ contributed capital - April 1, 2003	(84,468)		
Recognition of contributed capital - intergovernmental	<u>583,000</u>		
Retained earnings/ contributed capital - March 31, 2004	<u>\$ 481,792</u>		

See accompanying notes to financial statements and accountants' report.

VILLAGE OF MILLERSBURG
Statement of Cash Flows
Water Department Enterprise Fund
For the Fiscal Year Ended March 31, 2004

Cash Flows form Operating Activities:	
Operating Income	\$ (7,878)
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation	20,500
Decrease in current liabilities	(2,363)
Decrease in accounts receivable	(151)
Net cash provided by operating activities:	<u>10,108</u>
Cash flows from capital and related financing activities:	
Principal paid on bond debt	(2,000)
Interest paid on bond debt	(9,398)
Net cash used in capital and related financing activities:	<u>(11,398)</u>
Cash flows from investing activities:	
Activities:	
Interest earned on investments	<u>536</u>
Net cash provided from investing activities:	<u>536</u>
Financing Activities:	
Net increase in cash	(754)
Cash balances - April 1, 2003	<u>69,523</u>
Cash balances - March 31, 2004	<u>\$ 68,769</u>

See accompanying notes to financial statements and accountants' report.

GENERAL FIXED ASSETS ACCOUNT GROUP

VILLAGE OF MILLERSBURG
Schedule of General Fixed Assets
As of March 31, 2004

	General Fixed Assets
Land	\$ 51,064
Buildings	59,296
Furniture and Fixtures	8,432
Office Equipment	6,704
Capital Lease - Truck	88,040
Street Equipment	32,460
Total General Fixed Assets	<u>\$ 245,996</u>

Schedule of Changes in General Fixed Assets
For the Fiscal Year Ended March 31, 2004

	Balances 04/01/2003	Additions	Deletions	Balances 03/31/2004
Land	\$ 51,064	\$ -	\$ -	\$ 51,064
Buildings	59,296	-	-	59,296
Furniture and Fixtures	1,313	7,119	-	8,432
Office Equipment	6,704	-	-	6,704
Capital Lease - Truck	-	88,040	-	88,040
Street Equipment	32,460	-	-	32,460
Total General Fixed Assets	<u>\$ 150,837</u>	<u>\$ 95,159</u>	<u>\$ -</u>	<u>\$ 245,996</u>

See accompanying notes to financial statements and accountants' report.

GENERAL LONG-TERM DEBT ACCOUNT GROUP

VILLAGE OF MILLERSBURG
Schedule of General Long-Term Debt
As of March 31, 2004

	<u>Long-Term Debt</u>
Amount to be Provided for Capital Lease - Truck	<u>\$ 67,364</u>
Total Amount Available and to be Provided	<u><u>\$ 67,364</u></u>
Capital Lease Liability - Truck	<u>\$ 67,364</u>
Total General Long-Term Debt Payable	<u><u>\$ 67,364</u></u>

Schedule of Changes in Long-Term Debt
For the Fiscal Year Ended March 31, 2004

	<u>Balances 04/01/2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances 03/31/2004</u>
Claims and Judgements				
Liability per settlement:				
Huron Contractors & Excavators, Inc. (See Note 11)	\$ 10,000	\$ -	\$ 10,000	\$ -
Capital Lease Liability - Truck	<u>-</u>	<u>88,040</u>	<u>20,676</u>	<u>67,364</u>
Total General Long-Term Debt	<u><u>\$ 10,000</u></u>	<u><u>\$ 88,040</u></u>	<u><u>\$ 30,676</u></u>	<u><u>\$ 67,364</u></u>

See accompanying notes to financial statements and accountants' report.

SUPPLEMENTAL REPORT

Midwest Professionals, P.L.L.C

Certified Public Accountants

215 South Court Avenue, Gaylord, MI 49735
989-732-1156 Fax 989-731-2541

REPORT OF COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Village of Millersburg
Millersburg, MI

We have audited the general purpose financial statements of the Village of Millersburg as of and for the year ending March 31, 2004, and have issued our report thereon dated April 21, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Millersburg's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Millersburg's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to

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To the Board of Directors
Village of Millersburg

Page 2

the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors of the Village of Millersburg. However, this report is a matter of public record and its distribution is not limited.

Midwest Professionals, PLLC
Midwest Professionals, P.L.L.C.

April 21, 2004
Gaylord, Michigan

*Member of American Institute of Certified Public Accountants
Member of Michigan Association of Certified Public Accountants*

SUPPLEMENTAL DATA SECTION

**BALANCE SHEETS
AND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - SPECIAL REVENUE FUNDS ACTUAL AND BUDGET**

For The Year Ended March 31, 2004

VILLAGE OF MILLERSBURG
Special Revenue Fund - Major Street Fund
State of Michigan - Department of Transportation

Program: Major Street Fund
Contract: Village of Millersburg
Authority: Act 51
Period: 4/1/03 to 3/31/04
File: 202

Balance Sheet
03/31/2004

Assets:	
Cash	\$ 14,299
Due from Other Funds	-
Total Assets:	<u>\$ 14,299</u>
Liabilities:	
Accounts payable	\$ 415
Due to Other Funds	1,893
Due to General Fund	1,627
Total Liabilities:	<u>3,936</u>
Equity:	
Fund balance, reserved	10,363
Total Equity	<u>10,363</u>
Total Liabilities and Fund Balance	<u>14,299</u>

Statement of Revenues, Expenditures and Changes in Fund Balance - Actual to Budget

	Actual	Budget	Favorable (Unfavorable)
Revenues:			
Michigan Transportation Fund	\$ 25,423	\$ 25,000	\$ 423
Interest	169	325	(156)
Total Revenues:	<u>25,592</u>	<u>25,325</u>	<u>267</u>
Expenditures:			
Routine maintenance streets	18,735	10,875	(7,860)
Winter maintenance	8,022	3,300	(4,722)
Admin., space, fringe costs	6,573	5,150	(1,423)
Total Expenditures:	<u>33,329</u>	<u>19,325</u>	<u>(14,004)</u>
Excess of Revenue Over Expenditures	<u>(7,737)</u>	<u>6,000</u>	<u>(13,737)</u>
Other Financing Sources (Uses):			
Operating transfers - out	(6,356)	(6,000)	(356)
Operating transfers - in	-	-	-
Total Other Financing Sources (Uses):	<u>(6,356)</u>	<u>(6,000)</u>	<u>(356)</u>
Excess of Revenues Over Expenditures And Other Financing Sources (Uses)	<u>(14,092)</u>	<u>\$ -</u>	<u>\$ (14,092)</u>
Fund Balance - reserved April 1, 2003	<u>24,455</u>		
Fund Balances - reserved March 31, 2004	<u>\$ 10,363</u>		

See accompanying notes to financial statements.

VILLAGE OF MILLERSBURG
Special Revenue Fund - Local Street Fund
State of Michigan - Department of Transportation

Program: Local Street Fund
Contract: Village of Millersburg
Authority: Act 51
Period: 4/1/03 to 3/31/04
File: 203

Balance Sheet
03/31/2004

Assets:	
Cash	\$ 35,590
Due from Other Funds	1,893
Total Assets:	<u>\$ 37,484</u>
Liabilities:	
Accounts payable	\$ 564
Due To General Fund	129
Total Liabilities:	<u>693</u>
Equity:	
Fund balance	<u>36,791</u>
Total Equity	<u>36,791</u>
Total Liabilities and Fund Balance	<u>\$ 37,484</u>

Statement of Revenues, Expenditures and Changes in Fund Balance - Actual to Budget

	Actual	Budget	Favorable (Unfavorable)
Revenues:			
Michigan Transportation Fund	\$ 10,716	\$ 9,000	\$ 1,716
Construction Match	4,357	1,000	3,357
Interest	229	325	(96)
Total Revenues:	<u>15,302</u>	<u>10,325</u>	<u>4,977</u>
Expenditures:			
Routine maintenance streets	10,756	11,675	920
Winter maintenance	4,297	2,200	(2,097)
Admin., space, fringe costs	2,807	2,450	(357)
Total Expenditures:	<u>17,859</u>	<u>16,325</u>	<u>(1,534)</u>
Excess of Revenue Over Expenditures	<u>(2,558)</u>	<u>(6,000)</u>	<u>3,442</u>
Other Financing Sources (Uses):			
Operating transfers - in	6,356	6,000	356
Total Other Financing Sources (Uses):	<u>6,356</u>	<u>6,000</u>	<u>356</u>
Excess of Revenues Over Expenditures And Other Financing Sources (Uses)	<u>3,798</u>	<u>\$ -</u>	<u>\$ 3,798</u>
Fund Balance - reserved			
April 1, 2003	<u>32,993</u>		
Fund Balance - reserved			
March 31, 2004	<u>\$ 36,791</u>		

See accompanying notes to financial statements.